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RUEHHI/AMEMBASSY HANOI PRIORITY 0004
RUEHUL/AMEMBASSY SEOUL PRIORITY 1784
RUEHKO/AMEMBASSY TOKYO PRIORITY 2684
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S E C R E T SECTION 01 OF 04 KUALA LUMPUR 000859

SIPDIS

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TAGS: [OVIP](#) [STEINBERG](#) [JAMES](#) [PREL](#) [PGOV](#) [ECON](#) [MY](#)
SUBJECT: DEPUTY SECRETARY STEINBERG'S SEPTEMBER 28, 2009
MEETING WITH MALAYSIAN PRIME MINISTER NAJIB

Classified By: Ambassador James R. Keith for reasons 1.4 (b and d).

11. (SBU) September 28, 2009, 09:00 a.m.; Prime Minister's
Office, Putrajaya, Malaysia.

12. (SBU) Participants:

United States

The Deputy Secretary
Ambassador James Keith
DNI Ambassador Joseph DeTrani
Principal Deputy Assistant Secretary Joseph Donovan
Deputy Assistant Secretary Scot Marciel
OSD PDASD Derek Mitchell
JCS RDML Leidig
Special Assistant Pamela Park
Economic Counselor Matt Matthews (notetaker)

Malaysia

Prime Minister Najib Razak
Badrudin Abdul Rahman, Acting Senior Under Secretary,
Directorate of Europe, America, and Africa, MFA
Mr. Akbar Samon, Principal Assistant to Special Officer to
the Prime Minister
Mr. Muhammad Radzi Jamaludin, Principal Assistant Secretary,
Directorate of Europe, America, and Africa, MFA
Mr. Edriely Ibrahim, Assistant to Special Officer to the
Prime Minister

13. (C) Summary: During a productive and wide-ranging policy
discussion, PM Najib emphasized to Deputy Secretary Steinberg
his commitment to strengthening bilateral ties with the U.S.
Raising recent reports of transshipments to Iran via
Malaysia, PM Najib told Deputy Secretary Steinberg that these
were done without the knowledge of the GOM. The PM
emphasized that his government was taking steps to tighten
export controls, and that he is committed to advancing
Malaysia's long-pending draft export control law. Deputy
Secretary Steinberg encouraged PM Najib to use Malaysia's
position as the new Chair of the IAEA BOG to press Iran to
signal a change of course at the upcoming P5 plus 1 meeting.
On Afghanistan capacity building, the PM offered to see what
Malaysia could do, suggesting that perhaps Malaysia could
provide assistance and training in the law enforcement area,
in Malaysia. Steinberg encouraged Najib to consider
conducting the training in Afghanistan if at all possible.

14. (S) Summary (cont,d.): In other areas, Najib said that
fighting global terrorism was high on his agenda and he noted
ongoing concerns about the southern Philippines. Deputy

Steinberg thanked PM Najib for Malaysia,s helpful public and private communications regarding North Korea and urged close scrutiny of North Korean entities KOMID and Tanchon Bank in Malaysia. On climate change, Najib said Malaysia remained supportive of the Kyoto protocol, but could not move beyond Kyoto until the government created a public consensus supportive of measures that required lifestyle changes., The PM highlighted recent GOM efforts to improve Malaysia,s record on trafficking in persons. The Deputy expressed appreciation for Najib,s engagement with the U.S. and stressed we were looking forward to the imminent publication of Malaysia,s new TIP National Action Plan. Deputy Steinberg welcomed the PM's suggestion for initiating a high-level bilateral exchange. The PM reiterated his desire to strengthen and deepen the bilateral relationship. End Summary.

15. (C) PM Najib welcomed Deputy Secretary Steinberg to Malaysia noting his visit was an important opportunity to exchange views. Najib said his telephone conversation with the President in late-June had been warm and productive, and added that he appreciated President Obama,s mention of Malaysia in his Cairo speech. We bill ourselves as a moderate and progressive country, he said, and we like the world to see us that way. There may be one or two things where it could improve, but Malaysia would not become a theocratic state, or extremist. The Deputy Secretary told the PM the U.S. saw tremendous opportunity to develop our bilateral relationship. The President had asked that he convey to the PM appreciation for his invitation to visit Malaysia. The Deputy Secretary said that the President

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considered Malaysia a key partner given its status as a progressive Muslim and pluralistic society.

Non-Proliferation -- Iran and North Korea

16. (C) PM Najib said his government wants to continue the dialogue with the U.S. on non-proliferation issues. He noted concerns and press reports recently that had been raised about transshipments through Malaysia. He said these were being done without the knowledge of the GOM. He stated that his government was working on tightening up its export control regime, and that he was committed to passing Malaysia,s long-pending draft export control law, particularly for equipment that could be used by third countries for nuclear programs. The Deputy Secretary told the PM that non-proliferation was one of the top priorities of the President and that the President viewed Iran as one of the most serious threats. Malaysia, the Deputy suggested, should use its role as the new chair of the IAEA Board of Governors to help persuade Iran to change its course. While the US did not object to Iran,s right to develop nuclear power, the recent revelation of Iran,s secret enrichment facility once again highlighted Iran,s continued pattern of deception with regard to its nuclear program. The Deputy Secretary expressed hope that Iran would respond to international diplomatic efforts during the meeting October 11. The U.S. did not want confrontation but it was unacceptable, he said, for Iran to be enriching uranium in violation of the UNSC Resolutions. International cooperation to bring pressure on Iran was important to the success of these diplomatic efforts.

17. (S) Limiting Iran,s financial entities, like Bank Mellat, also was part of this cooperative effort, the Deputy Secretary said. We had not proceeded with designation of Bank Mellat,s subsidiary in Malaysia (First East Export Bank) pending this meeting, Steinberg advised, but our intention was to proceed. Things have reached a critical stage with regard to Iran, the Deputy Secretary said. It was important to send an unequivocal signal to Iran that it needed to meet its obligations. When the PM asked what signals the U.S. was getting from Iran, the Deputy Secretary

replied that Iran,s test firing of missiles was the response the world had taken note of at present, but he hoped for a more positive response from Iran at the October 1 (P5 plus one plus Iran) meeting. He asked the PM to take advantage of Malaysia,s ties to Iran to help point out to the Iranians that the October 1 meeting represented a last clear chance to change course. The Deputy Secretary noted that Robert Einhorn, the Special Advisor for Non-Proliferation to the Secretary, would likely be coming to Malaysia in October to continue our dialogue on this and other non-proliferation issues.

18. (S) Najib recalled a conversation before the start of the Iraq war in which he had predicted outside intervention would have the unintended consequence of creation of a new nexus between Shia,s in Iran and Iraq. The Deputy Secretary commented that Secretary Clinton and others had discussed the Iranians, influence in Iraq with Iraqi PM Maliki and others. Iran, he added, had overplayed its hand and as a result had weakened its position in Iraq. Closing out on non-proliferation, the Deputy Secretary thanked PM Najib for the good support Malaysia provided with regard to North Korea, including the helpful comments he made at an ASEAN summit meeting in Cheju. But he stressed that the U.S. remained concerned about the operations of two North Korean entities, KOMID and Tanchon Bank. Steinberg urged close and continuing scrutiny of the North Korean presence.

Cooperation on Fighting Terrorism and Piracy

19. (C) PM Najib said Malaysia would play its part in managing common concerns like fighting global terrorism, which Najib said was high on his agenda. While his government had succeeded in making Malaysia safe, Najib said ensuring that the situation in the southern Philippines did not deteriorate and allow AI Qaeda and JI to spread was a concern foremost in his mind. For Malaysia, the southern Philippines was the Achilles heel and it was for that reason the GOM placed importance on the negotiations there to deal with the serious threat presented by JI. The Deputy Secretary noted that there had been good cooperation and some success in this regard

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already. PM Najib pointed to Malaysia,s successful efforts to make the Strait of Malacca safe and secure. He said Malaysia would continue to work in concert with its Strait neighbors to keep the number of piracy acts at a negligible level. Najib noted Malaysia had made a small contribution to addressing the piracy issue off of Somalia.

110. (C) On Afghanistan, PM Najib said Malaysia had offered to provide capacity building and reconstruction assistance. He noted that the Afghan embassy in Malaysia was fully supported by the GOM and that Malaysia had provided disaster relief assistance to Afghanistan in the past. Najib told the Deputy Secretary that Malaysia would look into what it could do in terms of training Afghans, perhaps assistance focused on law enforcement. The GOM,s preference, however, is for this type of training to be conducted in Malaysia. The Deputy Secretary emphasized that it was important that our efforts in Afghanistan be part of a broader international approach. Malaysia,s contributions were important both in terms of substance and symbolism. As such, the U.S. would like to see Malaysia undertake training in Afghanistan. Our overarching goal, the Deputy Secretary said, is to ensure that extremists are not allowed to take hold and that Afghans have the opportunity to come together to build their nation. Afghans needed to see that their government could provide security and stability and that other countries, such as Malaysia, were working cooperatively with their government to help achieve those goals.

111. (C) PM Najib asked the Deputy Secretary about developments in Pakistan with regard to Afghanistan. The Deputy Secretary said there had been a sea change over the

last few months, driven in part by accelerated terrorist attacks by the Taliban inside Pakistan, which had convinced the government of Pakistan that extremists were a threat, not only in the Swat valley but across the country. PM Najib said the government in Afghanistan needed the support of Pakistan's military and intelligence agencies but that, given the long-term relationships between those organizations and the Taliban, the degree of support was unclear. The Deputy Secretary acknowledged that the situation was complicated and that there was a lot of history that came into play, but he stressed that there had been a strategic shift in thinking in Pakistan.

Climate Change

¶12. (C) The Deputy Secretary told the PM that climate change was a priority issue for the President. There were some positive developments with regard to India and China as the U.S. explored options for all parties to the climate change discussions to undertake responsibility for differentiated but active measures to address the issue. Najib said that Malaysia was very supportive of the Kyoto Protocol and he welcomed the major shift in the U.S. administration's position. The Deputy Secretary said the U.S. took its responsibilities seriously, but emphasized that all countries needed to contribute to the solution. The Deputy Secretary noted that in the U.S., the President was moving things toward win-win solutions through the development of a green economy which could provide the basis for the next industrial revolution. The PM said it was critical that major life style changes take place. There were similar lifestyle problems in Malaysia, the PM said, but the government needed time to educate consumers so that new policies could be based on strong public support. The PM said he had created a ministry for green technology which was focusing on renewable energy. The Deputy Secretary commented that the UAE provided a good model for how traditional fossil fuel economies could diversify to renewable energy. The U.S. was working with the UAE on renewable energy and on a safeguard agreement for its future development of civil nuclear power, including a plan to forego enrichment. Malaysia was carrying out a review of its energy policy, according to the PM. Malaysia, he said, needed more hydropower and was looking to reduce dependence on coal, because it was dirty, and on gas because it was scarce. Malaysia was reexamining the role of nuclear power too, he added, but it was being considered as a last option.

Trafficking In Persons

¶13. (C) Najib told the Deputy Secretary that his government had taken a number of significant steps to address this

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problem in Malaysia, including the arrest of immigration officers implicated in trafficking/extortion schemes involving Burmese refugees. He noted that his new ambassador to the U.S., Jamaludin Jarjis, had also discussed this issue with Senator Lugar's staff. The Deputy Secretary informed the PM that Secretary Clinton looked forward to seeing Malaysia's National Action Plan for trafficking in persons, noting its publication would send a good signal for future cooperation on this topic.

Possible High-Level Dialogue and the Economy

¶14. (C) PM Najib told the Deputy that he had sent Ambassador Jamaludin to the US with ministerial rank to emphasize the importance he attached to the relationship. The PM also suggested that if both sides thought we needed a bilateral exchange at a higher level, the Malaysian side would be ready to support such a move and he would suggest a Malaysian to fill that role. The Deputy Secretary welcomed that suggestion, noting there was an opportunity to tap the

potential of the bilateral relationship. The Deputy Secretary added that more could be done to tap the potential of the economic relationship as well. Commenting that he would be meeting later in the day with GE CEO Jeff Immelt, the PM agreed that more could be done on the economic relationship. He said he was considering doing a road show in the U.S. designed to encourage more U.S. investment in Malaysia. The PM then asked the Deputy Secretary about economic conditions in the US and unemployment. The Deputy noted that economic growth had resumed but that unemployment was running around 10 percent. While the recovery was underway, as the President noted at the Pittsburgh G-20 summit, it was too soon to declare victory. Unemployment would remain high for some time and stimulus might still be needed to keep the economy on course.

¶15. (C) The PM closed the meeting by reiterating his commitment to strengthening the bilateral relationship between Malaysia and the U.S. All issues could be dealt with, he said. They were manageable, and none of them were insurmountable. He asked the Deputy Secretary to convey his regards to the President.

¶16. (U) This message was cleared by Deputy Secretary Steinberg.
KEITH